

Declaration of Compliance

Passed in February 2002 and amended on June 12, 2006, the German Corporate Governance Code contains recommendations and proposals for managing and monitoring German listed companies in relation to shareholders and the AGM, the Executive and Supervisory Boards, transparency, accounting and auditing. German Stock Corporation Law (AktG) requires the Executive and Supervisory Boards of listed companies to declare the recommendations with which they did or did not comply each year.

Wacker's Executive and Supervisory Boards identify with the aims of the German Corporate Governance Code, supporting responsible, transparent and sustainable management and control geared towards increasing company value. The following describes how we implement the recommendations.

In accordance with article 161 of German Stock Corporation Law (AktG), the Executive and Supervisory Boards of Wacker Construction Equipment AG declare that, following its IPO, the Company will comply with the recommendations from the Commission of the German Corporate Governance Code published by the German Federal Ministry of Justice (BMJ) in the official section of the electronic Federal Gazette on July 4, 2003, as amended on June 12, 2006 and issued July 24, 2006 (also in the official section of the electronic Federal Gazette), with the exceptions listed below.

The Company deviates from the Code's recommendations in the following respects:

- 1. Section 3.8:** The Wacker Group's directors and officers' (D&O) liability insurance policies for its Executive and Supervisory Boards have been concluded without a deductible. The Company does not believe that a deductible would improve the sense of motivation and responsibility with which our Board members perform their duties. D&O insurance safeguards the Company against internal risks and protects the assets of members of its organs only as a secondary function.
- 2. Section 4.2.2:** The Presiding Committee regularly examines and consults on the structure of the Executive Board remuneration system. Regular reports on the activities of the Supervisory Board committees, including the Presiding Committee, are provided at that Board's plenary meeting. The Executive and Supervisory Boards do not see the need for any further consulting or examination of the remuneration system structure in the Supervisory Board plenary meeting.
- 3. Section 4.2.3, para. 4:** The AGM does not receive information about the main features of and changes to the remuneration system for Executive Board members.

4. Sections 4.2.5; 5.4.7, para. 3; 7.1.3: The Supervisory Board has decided not to publish the income of each individual Executive Board member in the notes to the individual and Consolidated Financial Statements. Remuneration details for individual Supervisory Board members will also not be published. In addition, no concrete information beyond the legally required mandatory statements will be released concerning company share options programs and similar incentive schemes related to marketable securities. The Executive and Supervisory Boards consider that these mandatory statements ensure that investors and the public receive sufficient information.

5. Section 5.1.2, para. 2, sent. 3: The Supervisory Board has not set an age limit for members of the Executive Board. The Supervisory Board members are convinced that individual performance is the defining factor in suitability for company management.

6. Section 5.4.3. sent. 1 and 3: In the 2007 AGM, the Supervisory Board was elected by block or list voting, in accordance with legal requirements. For efficiency reasons, election of the Supervisory Board will continue to be by block voting. So that the Supervisory Board can also continue to vote impartially for its chairperson, the proposed candidates will not be announced.

7. Section 5.4.4: The Executive and Supervisory Boards consider that in some cases, it may prove beneficial for former Executive Board members to transfer to the Supervisory Board and even chair the Board or certain of its committees. The internal knowledge former Executive Board members have of company operations increases the efficiency of Supervisory Board monitoring. As long as Supervisory Board membership is well-balanced in accordance with the Code, the Executive and Supervisory Boards do not see any disadvantage here.

The Company complies in full with all other recommendations by the Commission of the German Corporate Governance Code as amended on June 12, 2006 and issued July 24, 2006.

Munich, March 2007

Wacker Construction Equipment AG
The Executive and Supervisory Boards

Wacker Construction Equipment AG will make outdated declarations available on its website for a period of at least five years.

Dr.-Ing. Georg Sick

Dr. Ulrich Wacker